The book undoubtedly loses in unity from the fact of its having had three authors, but it must also gain from the very special knowledge that each of the three possessed. That this study of an English city will be of service on this side of the Atlantic has been so clearly pointed out in Miss Breckinridge's Introductory Note to the American edition that no further word on this point need be added here.

EDITH ABBOTT

WELLESLEY COLLEGE
Wellesley, Mass.

Money and Credit Instruments in Their Relation to General Prices. By EDWIN WALTER KEMMERER. New York: Henry Holt & Co., 1907. 8vo, pp. xi+160.

We have here a defense of the quantity theory of money from the metaphysical school of economics. The nomenclature of the marginal utility theorist is applied to money and prices. "Prices are the values of commodities in terms of the value of the money unit, and not their values in terms of the value of the standard commodity as Scott and Laughlin maintain" (p. 41). So far as the reviewer is concerned, he does not know what is meant by "their values in terms of the value of the standard commodity," and never maintained any such proposition. The price of wheat in gold expresses only the exchange relation between wheat and the standard, and says nothing as to the exchange relation of gold to all other goods which is the value of the standard. In reality, Mr. Kemmerer wishes to call attention to the theory that the "money unit" has a value distinct from that of the standard. This may be arrived at in theoretical discussion, but one doubts if it can be arrived at from an inductive study of the facts.

As to the price-making process, he follows General Walker very closely, except in the treatment of credit. The marginal utility process is applied to the exchange of money against goods, under a hypothesis. of Ricardian simplicity. The law of diminishing utility is forced into this process for completeness. Then the holders of the money and the goods, respectively, form subjective valuations of the money and the goods; these valuations vary, with the supply of money and of the goods; finally, economic, or objective prices emerge, only in exchange transactions, and are determined by the valuations placed by the marginal pair upon the commodity and the money respectively (pp. 13, 34, etc.).

That prices are, in fact, established in this manner would undoubtedly be news to the business world. Indeed, a theory of money dependent on an analysis—however perfect and symmetrical in the theorist's closet—which is detached from the world we live in can scarcely be translated into terms intelligible to the men of affairs. More than that, it does not explain the facts. The price of sheetings in the wholesale market—on whose quotations retail prices depend—is not in the least fixed by the subjective valuations of consumers; nor, when a check is paid for their sale, is there any fine-spun subjective valuation of the check. Of course this raises many theoretical questions, which cannot be discussed here; suffice it to say that, until economics can free itself from metaphysical processes, it will never make serious progress.

In discussing the value of inconvertible paper, the author insists that prospects for redemption can affect its value only through affecting its demand or supply (p. 32). Thus the facts are forced, Procrustean fashion, to suit the wish to confirm a general theory, rather than treated as a means of getting at an explanation which explains. On his theory, how can he explain the depreciation of the greenbacks immediately on receipt of the news of a great Union defeat in the Civil War, in a time so short that no change could possibly appear in the demand and supply? A study of the facts will not allow one to say that, with a fixed supply of greenbacks, their value changed only because of changes in the demand for them. Nor is it any reply to answer that a blow to confidence is a blow to demand; that only uses the word demand ambiguously to include everything, like prospects of redemption, which might influence the value of the paper. Obviously, as Marshall says (note, p. 32) the credit of such paper can change irrespective of changes in its quantity.

Not only does the book give a clear and admirable statement of the quantity theory, in its most modern form, but it aims to present in full strength the theory underlying the value of token money, which supports the recommendations of the *Report on the Stability of International Exchange*, prepared mainly by Professor Jenks. Mr. Kemmerer himself has been a resident official in the Philippines, and has written elsewhere on this subject. Attention only can be called to this issue here; it is too large to be treated in a review, and ought to receive careful examination at another time. The principle of monopoly is relied upon, as in the case of incon-

vertible paper, to explain the value of token money primarily according to its quantity. In this case, why is any system of redemption, direct or indirect, ever established for token money? If not necessary, why then try to build up support for the Indian rupee in gold bills of exchange, or in a general increase of gold? Why should France be so careful of its gold, when its silver is generally current? There is much more in this matter than the author is willing to allow.

On the theory of credit and prices (pp. 76 ff.) the author is obliged to part company with General Walker; but in his attempt to show that credit depends directly on money, and that prices are affected directly by the quantity of checks in circulation, he is in truth open to easy attack. If space allowed, it would be interesting to test his theories by the facts of the present crisis. In addition to the chapters on theory there is a series of statistical investigations in Book II which are used as inductive proof of the results of the theoretical book.

The study is of the kind which is a credit to American scholarship. Its spirit is not that of a critic seeking to quibble: it makes clear and definite issues which invite to thinking and research. It is a pleasure to take up a volume which shows on every page a desire to discuss the subject impersonally with a purpose of arriving at the truth.

J. LAURENCE LAUGHLIN

THE UNIVERSITY OF CHICAGO

Index of Economic Material in the Documents of the States of the United States. By ADELAIDE R. HASSE. Washington: The Carnegie Institution, 1907.

This contribution to the bibliography of the field of economics, prepared for the department of economics and sociology of the Carnegie Institution of Washington by the public documents librarian of the New York Public Library, promises to be one of the most helpful publications of its kind in recent years. The purpose is "to furnish a guide to the economic material contained in the printed reports of administrative officers, legislative committees, special commissions and messages of the governors to the legislatures" of the various states, a volume being devoted to each state.

It does not refer to constitutions, laws, legislative proceedings, or court decisions, except in so far as they happen to be found in the class of docu-